

Medical Assistance Services

Analyst: Holland-Smith

Historical Summary

OPERATING BUDGET	FY 2004 Total App	FY 2004 Actual	FY 2005 Approp	FY 2006 Request	FY 2006 Gov Rec
BY FUND CATEGORY					
General	241,307,300	240,581,600	288,171,600	339,569,200	321,271,400
Dedicated	51,159,900	77,211,400	63,988,100	79,206,700	79,206,700
Federal	572,811,400	688,062,200	699,241,400	798,372,300	755,553,100
Total:	865,278,600	1,005,855,200	1,051,401,100	1,217,148,200	1,156,031,200
Percent Change:		16.2%	4.5%	15.8%	10.0%
BY OBJECT OF EXPENDITURE					
Personnel Costs	12,954,400	13,769,300	15,252,700	17,578,700	17,525,000
Operating Expenditures	18,474,300	22,575,300	20,614,400	18,707,300	18,517,800
Capital Outlay	29,600	203,400	0	71,700	0
Trustee/Benefit	833,820,300	969,307,200	1,015,534,000	1,180,790,500	1,119,988,400
Total:	865,278,600	1,005,855,200	1,051,401,100	1,217,148,200	1,156,031,200
Full-Time Positions (FTP)	233.56	251.50	257.00	279.00	279.00

Division Description

The Division of Medical Assistance has responsibilities that include administering plans to finance and deliver health services for people at risk due to low income and other factors, such as youth, old age, pregnancy, or disability, pursuant to state and federal Medicaid requirements. Additional responsibilities involve licensing and certification of health facilities to meet state and federal requirements and to participate in Medicaid and Medicare.

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Comparative Summary

Decision Unit	Agency Request			Governor's Rec		
	FTP	General	Total	FTP	General	Total
FY 2005 Original Appropriation	257.00	288,171,600	1,051,401,100	257.00	288,171,600	1,051,401,100
HB 805 One-time 1% Salary Increase	0.00	49,900	134,800	0.00	49,900	134,800
3. Medicaid Use Increases	0.00	15,457,900	65,719,900	0.00	15,457,900	65,719,900
5. Medicaid Buy-In for Disabled	3.00	0	102,800	3.00	0	102,800
6. Adult Access Card Program	3.00	0	124,700	3.00	0	124,700
Governor's Rescission	0.00	0	0	0.00	(11,300)	(19,300)
FY 2005 Total Appropriation	263.00	303,679,400	1,117,483,300	263.00	303,668,100	1,117,464,000
Non-Cognizable Funds and Transfers	0.00	(4,800)	118,600	0.00	(4,800)	118,600
FY 2005 Estimated Expenditures	263.00	303,674,600	1,117,601,900	263.00	303,663,300	1,117,582,600
Removal of One-Time Expenditures	0.00	(160,100)	(2,758,200)	0.00	(148,800)	(2,738,900)
FY 2006 Base	263.00	303,514,500	1,114,843,700	263.00	303,514,500	1,114,843,700
Benefit Costs	0.00	78,100	237,200	0.00	60,400	183,500
Inflationary Adjustments	0.00	29,379,600	99,172,400	0.00	11,076,400	38,134,500
Replacement Items	0.00	36,000	71,700	0.00	0	0
Nonstandard Adjustments	0.00	(40,700)	40,400	0.00	(40,700)	40,400
Annualizations	0.00	(468,400)	1,373,300	0.00	(468,400)	1,373,300
Change in Employee Compensation	0.00	49,800	140,500	0.00	49,800	140,500
27th Payroll	0.00	187,600	528,100	0.00	187,600	528,100
Fund Shifts	0.00	6,551,800	0	0.00	6,551,800	0
FY 2006 Program Maintenance	263.00	339,288,300	1,216,407,300	263.00	320,931,400	1,155,244,000
4. Estate Recovery	3.00	(34,200)	171,000	3.00	37,700	242,900
9. Mental Hlth Care Provider Credentialing	1.00	7,200	(245,000)	1.00	7,200	(245,000)
10. Community Based Long-Term Care	7.00	99,700	398,500	7.00	99,700	398,500
15. Health Facility Surveyors	4.00	151,600	303,200	4.00	138,800	277,600
17. Develop County Options Project	1.00	56,600	113,200	1.00	56,600	113,200
FY 2006 Total	279.00	339,569,200	1,217,148,200	279.00	321,271,400	1,156,031,200
Change from Original Appropriation	22.00	51,397,600	165,747,100	22.00	33,099,800	104,630,100
% Change from Original Appropriation		17.8%	15.8%		11.5%	10.0%

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Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
FY 2005 Original Appropriation	257.00	288,171,600	63,988,100	699,241,400	1,051,401,100
HB 805 One-time 1% Salary Increase					
Agency Request	0.00	49,900	0	84,900	134,800
Governor's Recommendation	0.00	49,900	0	84,900	134,800

3. Medicaid Use Increases

The department is requesting an ongoing increase for provider payments. The amount requested is mainly due to increases in prescription drugs, community mental health services, developmentally disabled services and home and community-based waiver services. The cost of medical assistance services is approximately 70% federal funds and 30% General Funds. Due primarily to the increase in prescription drug usage that result in rebates back to the state, the department is requesting an increase in spending authority for receipts of \$13,148,500.

FY 2005 ORIGINAL APPROPRIATION FOR PROVIDER PAYMENTS:

\$675,301,000	Federal Funds
276,479,900	General Funds
61,711,400	Receipts (Dedicated)
1,389,200	Idaho Health Insurance Access Card (Dedicated)
650,000	Liquor Control Fund (Dedicated)
2,500	Medical Assistance (Dedicated)
\$1,015,534,000	TOTAL

Agency Request	0.00	15,457,900	13,148,500	37,113,500	65,719,900
Governor's Recommendation	0.00	15,457,900	13,148,500	37,113,500	65,719,900

5. Medicaid Buy-In for Disabled

Section 8 of Senate Bill 1429, 2004 Legislative Session reads as follows: It is the intent of the Idaho Legislature that the Department of Health and Welfare begin the Medicaid Buy-In Program in fiscal year 2005 with existing financial resources. Implementation should be based on budget neutrality.

The department received a grant from the Centers for Medicare and Medicaid Services (CMS) to develop the necessary infrastructure for a Medicaid buy-in program. This request is for 3.00 FTP to design and coordinate program development, administer grant activities, manage automation, complete federal reports, develop business requirements, write rules, prepare and present training materials, and develop policy handbooks. The department is proposing to hire a project manager, a planner and an administrative assistant with associated operating expenses. All of the proposed costs would be funded with federal dollars under a Medicaid Infrastructure Grant awarded by CMS.

Analyst Comment: The department is requesting spending authority for an additional \$102,800 for this effort in an Annualization decision unit.

Agency Request	3.00	0	0	102,800	102,800
Governor's Recommendation	3.00	0	0	102,800	102,800

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Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
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6. Adult Access Card Program

Chapter 2, Title 56, Idaho Code directs the department to implement a premium assistance program targeted to small business. The department is requesting spending authority to hire a program supervisor and two medical program specialists to implement a Small Business Health Insurance Pilot Program to provide premium assistance to buy health insurance. Implementation will require revisions to federal regulatory approvals, administrative rules, public information/outreach strategies, and automated systems. This decision unit requests \$97,700 for personnel costs, and \$27,000 for operating expenditures of which \$18,000 will be for consultants, \$4,500 for supplies, and \$4,500 for miscellaneous expenses.

Analyst Comment: The department is requesting spending authority for an additional \$1,374,700 for this effort in an Annualization decision unit.

Agency Request	3.00	0	26,100	98,600	124,700
Governor's Recommendation	3.00	0	26,100	98,600	124,700

Governor's Rescission

Agency Request	0.00	0	0	0	0
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The Governor recommends removal of funds not needed to implement HB 805. In addition, the Governor recommends removal of risk management funding in excess of needs calculated by the Department of Administration.

Governor's Recommendation	0.00	(11,300)	0	(8,000)	(19,300)
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FY 2005 Total Appropriation

Agency Request	263.00	303,679,400	77,162,700	736,641,200	1,117,483,300
Governor's Recommendation	263.00	303,668,100	77,162,700	736,633,200	1,117,464,000

Non-Cognizable Funds and Transfers

The department is increasing spending authority in personnel costs by \$123,400 in federal funds, and transferring \$4,800 from the General Fund to Indirect Support Services for increases in termination payoffs.

Agency Request	0.00	(4,800)	0	123,400	118,600
Governor's Recommendation	0.00	(4,800)	0	123,400	118,600

FY 2005 Estimated Expenditures

Agency Request	263.00	303,674,600	77,162,700	736,764,600	1,117,601,900
Governor's Recommendation	263.00	303,663,300	77,162,700	736,756,600	1,117,582,600

Removal of One-Time Expenditures

Removes non-cognizable funding increases authorized in FY 2005, one-time expenditures appropriated in FY 2005, and the one-time salary increase provided for in HB 805.

Agency Request	0.00	(160,100)	(139,800)	(2,458,300)	(2,758,200)
Governor's Recommendation	0.00	(148,800)	(139,800)	(2,450,300)	(2,738,900)

FY 2006 Base

Agency Request	263.00	303,514,500	77,022,900	734,306,300	1,114,843,700
Governor's Recommendation	263.00	303,514,500	77,022,900	734,306,300	1,114,843,700

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Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
Benefit Costs					
Includes the employer-paid portion of estimated changes in employee benefit costs. The two biggest factors are health insurance rates and retirement rates. Health insurance is projected to increase by 9.7% or \$632 per position. Retirement rates are scheduled to increase by 5.9% from 10.39% to 11% of salary for regular employees and by 5.7% from 10.73% to 11.34% of salary for police and firefighters. Other benefit changes include a reduction in unemployment insurance rates, a reduction in Division of Human Resources rates for classified employees, and an increase in workers compensation rates.					
Agency Request	0.00	78,100	0	159,100	237,200
<i>The Governor does not recommend increases related to changes in the Public Employee's Retirement System.</i>					
Governor's Recommendation	0.00	60,400	0	123,100	183,500
Inflationary Adjustments					
Includes a general inflationary increase of 1.3% for an increase of \$235,800 in operating expenditures. The department is also requesting \$45,162,200 for caseload growth and \$53,774,400 for medical inflation.					
Agency Request	0.00	29,379,600	58,100	69,734,700	99,172,400
<i>The Governor recommends no increase for general inflation. For provider payments the Governor recommends an increase of \$38,134,500.</i>					
Governor's Recommendation	0.00	11,076,400	58,100	27,000,000	38,134,500
Replacement Items					
The department is requesting \$25,800 to replace two sedans and \$45,900 to replace 89 desktop computers.					
Agency Request	0.00	36,000	0	35,700	71,700
<i>Not recommended by the Governor.</i>					
Governor's Recommendation	0.00	0	0	0	0
Nonstandard Adjustments					
Nonstandard Adjustments include a \$84,800 reduction for non-state office rent, an increase of \$123,400 in personnel costs from federal funds, and an \$1,800 increase in building services space charges.					
Agency Request	0.00	(40,700)	0	81,100	40,400
Governor's Recommendation	0.00	(40,700)	0	81,100	40,400
Annualizations					
MEDICAID BUY-IN PROGRAM: The department is requesting \$93,000 in personnel costs, and \$9,800 in operating expenditures in addition to the supplemental request to implement a Medicaid Buy-In Program for a total of \$102,800.					
ADULT ACCESS PROGRAM: The department is requesting \$97,700 in personnel costs, and \$27,000 in operating expenditures, and \$1,250,000 in trustee/benefits in addition to the supplemental request to implement the Adult Access Program.					
IT CONTRACTORS - SAVINGS GENERATED: The department is proposing to reduce the amount allocated for contract program design and development in the Medicaid Division to account for the increase in IT staff in the Indirect Support Services Division. The department is proposing that contract services be converted to a state employee workforce for a savings of \$52,100 from the General Fund and \$52,100 in federal funds in this division.					
Agency Request	0.00	(468,400)	1,704,000	137,700	1,373,300
Governor's Recommendation	0.00	(468,400)	1,704,000	137,700	1,373,300

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Change in Employee Compensation					
Reflects the cost of a 1% salary increase for permanent and group positions.					
Agency Request	0.00	49,800	700	90,000	140,500
<i>The Governor recommends a compensation increase of 1% to be distributed based on merit. No adjustment to the pay line is recommended.</i>					
Governor's Recommendation	0.00	49,800	700	90,000	140,500

27th Payroll					
Reflects the cost of one additional payroll in fiscal year 2006. This happens every eleven or twelve years because there are 364 days in 26 payperiods but a year has 365.242 days.					
Agency Request	0.00	187,600	3,300	337,200	528,100
Governor's Recommendation	0.00	187,600	3,300	337,200	528,100

Fund Shifts					
The department is requesting \$6,464,300 from the General Fund to compensate for the FMAP rate change from 70.58% to 69.953%, and \$87,500 from the General Fund and \$17,700 from dedicated funds to compensate for the enhanced Federal Medical Assistance Participation rate change from 79.403% to 78.965%.					
Agency Request	0.00	6,551,800	17,700	(6,569,500)	0
Governor's Recommendation	0.00	6,551,800	17,700	(6,569,500)	0

FY 2006 Program Maintenance					
Agency Request	263.00	339,288,300	78,806,700	798,312,300	1,216,407,300
Governor's Recommendation	263.00	320,931,400	78,806,700	755,505,900	1,155,244,000

4. Estate Recovery

The department is requesting three full-time staff to help in their efforts to recover money from estates of people who have used Medicaid services. The department will hire two technical records specialists and an administrative assistant will work with a deputy attorney general to recover the funds. The department proposes transferring \$85,500 equally from both the General Fund and federal funds in trustee/benefits into personnel costs and operating expenditures for a total of \$171,000, and then recover an additional \$400,000 into trustee/benefits in FY 2006.

Agency Request	3.00	(34,200)	400,000	(194,800)	171,000
<i>The Governor is recommending an additional deputy attorney general to administer the Medicaid Estate Recovery Program. The Estate Recovery caseload has been climbing dramatically for several years, resulting in more estate claims, more litigation and more recoveries for the program. The addition of a deputy attorney general will contribute to a positive return-on-investment for the state. The recommendation is for an additional \$71,900 from the General Fund.</i>					
Governor's Recommendation	3.00	37,700	400,000	(194,800)	242,900

9. Mental Hlth Care Provider Credentialing

The department is proposing to modify the rules for mental health care providers to develop basic requirements and standards for professionals who deliver services through Medicaid. Mental health clinic service expenditures have increased from \$40.6 million in FY 2003 to \$59.3 million in FY 2004, and are projected at \$71.6 in FY 2005. The department would like to hire a medical program specialist at a cost of \$55,000 and contract for credentialing activities at an estimated cost of \$348,000. The remaining \$2,000 in operating expenditures would be for travel and administrative supplies. As a consequence of credentialing mental health providers the department is estimating a savings of \$650,000 in trustee/benefits in FY 2006. The state match rate for providing this credentialing would be 50%:50% state to federal funds versus the savings in trustee/benefits which is a match of 30%:70% state to federal funds.

Agency Request	1.00	7,200	0	(252,200)	(245,000)
Governor's Recommendation	1.00	7,200	0	(252,200)	(245,000)

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Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
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10. Community Based Long-Term Care

This request is to provide one nurse reviewer in each of the seven regions to perform the critical function of conducting health assessments and medical determinations to see if people are eligible for community-based long-term care services. Community based services allow people to remain in their homes and receive Medicaid covered services rather than using more expensive nursing homes services. The program has a monthly state caseload of almost 5,900 persons receiving waived services whereas a year ago the state's caseload was 5,200. This caseload increase results in delayed health assessments. This request is for \$385,000 in personnel costs and \$13,500 in operating expenditures.

Agency Request	7.00	99,700	0	298,800	398,500
Governor's Recommendation	7.00	99,700	0	298,800	398,500

15. Health Facility Surveyors

The Medicaid Facility Standards Bureau has 5.5 surveyors to inspect and monitor Idaho's 261 assisted living facilities. The number of facilities has increased by 15% since 1999, with nearly two dozen new facilities under construction or with active plans to open their doors within several months. The department has been unable to meet statutory and safety requirements for inspections at the current facilities. Under current law, each of the 261 assisted living facilities is required to be surveyed and licensed annually. These facilities provide home and care services to more than 6,500 residents, including 2000 Medicaid clients. Last year the Bureau was able to accomplish only 18% of the statutorily required surveys due to limited personnel. This request is for four more health facility surveyors based in the Division of Medicaid's central office in Boise.

At the direction of the 2004 Legislature, the department developed a workgroup involving stakeholders, advocates, and clients to streamline the licensing and survey processes for assisted living facilities including residential or assisted living facilities (RALF's). The Department will also be proposing legislation during the current session to revise §39-3301 and §39-3501 Idaho Code to streamline the regulatory process and meet safety and health needs of facility residents.

Agency Request	4.00	151,600	0	151,600	303,200
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The Governor recommended that operating expenditures be reduced from \$51,200 to \$25,600.

Governor's Recommendation	4.00	138,800	0	138,800	277,600
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17. Develop County Options Project

Idaho has an incident-based medically indigent health care program that is funded with county and state funds. In the FY 2004 appropriation (SB 1202), the Legislature requested the department work with federal officials, the Idaho Association of Counties and other health care interest groups in exploring and evaluating ways the present county indigent program could draw federal match through the state's Medicaid program.

The outcome of this process is the development of a concept to:

- 1) Expand health services to a currently underserved and uninsured population
- 2) Build on the existing county indigent program
- 3) Control costs by capping the enrollment (and therefore expenditures)
- 4) Require a Health Insurance Flexibility and Accountability (HIFA) demonstration initiative to waive specific Medicaid requirements.

The department will be seeking approval to pursue this project through a resolution this legislative session. Following the approval, the department will work to develop and secure a HIFA waiver, and if approved by the federal Centers for Medicare and Medicaid (CMS), the program will be phased-in over a five-year period. The department is requesting funding of \$63,200 in personnel costs to hire a planner, \$30,000 in operating costs for consulting services to secure the HIFA waiver, and \$20,000 in travel, supplies, and miscellaneous operating costs.

Agency Request	1.00	56,600	0	56,600	113,200
Governor's Recommendation	1.00	56,600	0	56,600	113,200

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FY 2006 Total					
Agency Request	279.00	339,569,200	79,206,700	798,372,300	1,217,148,200
<i>Governor's Recommendation</i>	<i>279.00</i>	<i>321,271,400</i>	<i>79,206,700</i>	<i>755,553,100</i>	<i>1,156,031,200</i>
Agency Request					
Change from Original App	22.00	51,397,600	15,218,600	99,130,900	165,747,100
% Change from Original App	8.6%	17.8%	23.8%	14.2%	15.8%
<i>Governor's Recommendation</i>					
<i>Change from Original App</i>	<i>22.00</i>	<i>33,099,800</i>	<i>15,218,600</i>	<i>56,311,700</i>	<i>104,630,100</i>
<i>% Change from Original App</i>	<i>8.6%</i>	<i>11.5%</i>	<i>23.8%</i>	<i>8.1%</i>	<i>10.0%</i>